

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 PM-03 H-02 L-02

NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 TRSE-00 /076 W

----- 060900

R 161835Z MAY 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 9500

INFO USMISSION EC BRUSSELS

USMISSION GENEVA

FAA BRUSSELS

AMEMBASSY LONDON

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E. O. 11652: N/A

TAGS: EAIR, EIND, FR

SUBJ: CIVAIR: AIR FRANCE FLEET RENEWAL

REF: PARIS 11075

1. SUMMARY: GOF HAS STILL TAKEN NO DECISION ON REPLACEMENT AIR FRANCE CARAVELLES AND SECSTATE CAVAILLE TELLS US DECISION NOT LIKELY BEFORE JULY AT EARLIEST. BOEING PRESIDENT WAS IN PARIS RECENTLY BUT WAS RECEIVED BY GOF AT LOW LEVEL IN WHAT MAY HAVE NONETHELESS BEEN PRODUCTIVE CONTACT. CAVAILLE AGREEABLE MEET WITH BOEING CHAIRMAN DURING AIR SHOW. END SUMMARY.

2. HANS OTT, BOEING REP, INFORMS US THAT BOEING PRESIDENT BOULLIOUN WAS IN PARIS EARLIER THIS WEEK FOLLOWING ASSURANCES ON FRENCH SIDE THAT STATE SECRETARY OF TRANSPORTATION CAVAILLE, FINANCE MINISTER FOURCADE, AND REPS FROM PRESIDENT GISCARD'S IMMEDIATE ENTOURAGE WOULD RECEIVE HIM TO DISCUSS

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QUESTION OF REPLACEMENT OF AIR FRANCE CARAVELLES.

BOULLIOUN TRIP WAS MOTIVATED IN PART TO OFFSET INROADS DOUGLAS MAY HAVE MADE IN INTERESTING FRENCH IN DC-9 AND ALSO, ACCORDING TO OTT, TO TRY TO REDRESS "ANTI-BOEING, ANTI-US" SENTIMENT BOEING CLAIMS TO HAVE DETECTED IN CERTAIN FRENCH CIRCLES. MEETING WAS TO TAKE PLACE IN CAVAILLE'S OFFICE, BUT WHEN BOULLION AND OTT ARRIVED THERE THEY WERE RECEIVED ONLY BY CLAUDE ABRAHAM, DIRECTOR OF AIR TRANSPORT IN SGAC AND ALSO "CHARGE DE MISSION" IN CAVAILLE'S CABINET. (ABRAHAM HAS RETAINED LATTER TITLE AND FUNCTION, WHICH IS SENIOR TO HIS FORMER POSITION AS CAVAILLE'S DIRECTEUR DE CABINET, IN ADDITION TO HIS NEW SGAC DUTIES.) WHILE BOULLIOUN WAS A BIT PUT OUT AT HAVING MADE SO LONG A TRIP TO BE RECEIVED ONLY BY A MIDDLE-LEVEL FUNCTIONARY, SAID OTT, HE MADE THE BEST OF IT. ABRAHAM MADE A STRONG PITCH FOR COOPERATION BETWEEN US AND EUROPEAN AEROSPACE INDUSTRIES IN DEVELOPING AND PRODUCING CIVIL AIRCRAFT OF THE FUTURE. BOULLIOUN SAID HE WAS NOT OPPOSED IN PRINCIPLE, BUT BOEING WAS PRIVATE CORPORATION AND IF ANY PROJECT ON WHICH IT WAS ENGAGED WENT SOUR IT COULD NOT AFFORD KEEP PROJECT ALIVE AND CARRY WORKERS ON PAYROLL, WHICH MIGHT NOT BE THE SAME STORY FOR CERTAIN FOREIGN PARTNERS. ABRAHAM STRESSED THAT FRANCE WOULD NEVER LET ITS AIRCRAFT INDUSTRY DIE BUT AT THE SAME TIME COULD NOT AGREE TO BE SIMPLY SUBCONTRACTOR FOR FOREIGN PARTNER. BOULLIOUN REPLIED THAT BOEING DID NOT BELIEVE IN DIVIDED RESPONSABILITY AND WOULD INSIST ON BEING PROJECT MANAGER FOR ANY JOINT VENTURE ON WHICH IT MIGHT EMBARK WITH A FOREIGN PARTNER.

3. WHEN ABRAHAM EXPRESSED INTEREST IN FUTURE DERIVATIVES POWERED WITH CFM-56 ENGINE, BOULLIOUN SAID THAT BOEING HAD STUDIED STRETCHED 737 POWERED WITH CFM-56 ENGINES BUT HAD ABANDONED THE IDEA IN CONVICTION THERE WAS SIMPLY NO MARKET. (BOULLIOUN NOTED, INTERESTINGLY ENOUGH, THAT SUCH STRETCHED 737 WOULD BE SAME FAMILY AS NEXT GENERATION MERCURE--MERCURE 200-- WHICH THERE HAD BEEN SOME LIMITED OFFICIAL USE

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TALK OF DEVELOPING IN FRANCE.) BOULLIOUN INVITED ABRAHAM VISIT SEATTLE AND PROMISED OPEN BOEING BOOKS TO HIM SHOWING PROJECTION OF AIRCRAFT NEEDS THROUGH 1980'S. ABRAHAM EXPRESSED INTEREST THIS OFFER AND OTT TELLS US THAT FORMAL LETTER OF INVITATION TO ABRAHAM NOW BEING PREPARED.

4. OTT HAD NO NEW INFORMATION ON WHERE FLEET

RENEWAL QUESTION STOOD WITHIN AIR FRANCE, FOR HE,
LIKE EMBASSY, HAS HAD TROUBLE IN PAST FEW DAYS IN
GETTING THROUGH TO TOP AIR FRANCE OFFICIALS CONVERSANT
THIS SUBJECT. MANAGEMENT SHAKE-UP IS UNDERWAY IN

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THESE CIRCLES WITHIN AIR FRANCE. OTT DID SAY THAT
HE UNDERSTOOD FROM AIR FRANCE THERE WAS NO TRUTH TO
RECENT ARTICLE IN FINANCIAL DAILY LES ECHOS REPORTING
GOF HAD DECIDED GIVE ITS APPROVAL TO LEASING OF 737'S
TO REPLACE AIR FRANCE CARAVELLES.

5. ON MAY 16 RCAA HAD LONG TALK THIS SUBJECT WITH
CAVAILLE. CAVAILLE DENIED IT HAD BEEN AGREED HE
AND FOURCADE WOULD RECEIVE BOULLIOUN AND HE REGRETTED
ANY CONFUSION THAT MIGHT HAVE DEVELOPED THIS SUBJECT.
WHEN WE ASKED WHETHER IN THESE CIRCUMSTANCES HE
WOULD BE PREPARED MEET WITH BOEING CHAIRMAN T. A.
WILSON, WHO WOULD BE IN PARIS FOR AIR SHOW, CAVAILLE

SAID WOULD BE PLEASED MEET WITH WILSON FOR FRANK,
INFORMAL DISCUSSION. (COMMENT: WE HAVE RELAYED
FOREGOING TO OTT, OFFERING EMBASSY'S GOOD OFFICES
IN HELPING FIRM UP WILSON-CAVAILLE MEETING.)

6. CAVAILLE REPEATED SAME GENERAL LINE AS HAD ABRAHAM
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RE DESIRABILITY OF COOPERATION BETWEEN FRENCH AND US
AEROSPACE INDUSTRIES, AND HE SAID THIS WAS ALSO
ALLUDED TO AT HIS INITIATIVE IN INTERVIEW TO BE
PUBLISHED NEXT WEEK IN NEWSMAGAZINE LE POINT.
CAVAILLE DID DEPLORE, HOWEVER, WHAT HE DESCRIBED AS
BOEING'S "ARROGANCE" DUE TO ITS PRESENT
DOMINANT POSITION IN THE MARKET.

7. WHEN ASKED ABOUT DC-9 CHANCES, CAVAILLE
CONFIRMED THAT ABRAHAM HAD RECENTLY VISITED
MCDONNELL DOUGLAS HEADQUARTERS IN US (PARIS 10416)
AND HAD RELAYED GOF OFFER PURCHASE DC-9'S IF
DOUGLAS WOULD HELP MARKET AIRBUS IN US. HOWEVER,
DOUGLAS HAD SHOWN NO INTEREST. CAVAILLE REGRETTED
IT HAD NOT BEEN POSSIBLE MARKET EVEN A FEW AIRBUS IN
US, FOR HE FELT THIS WOULD HAVE PROFOUND SOCIAL AND
POLITICAL IMPACT IN FRANCE AND WOULD HAVE CONTRIBUTED
GREATLY DEFUSE FRENCH SENTIMENT, ESPECIALLY IN TRADE
UNIONS WITHIN FRENCH AIRCRAFT INDUSTRY, OPPOSED NOW
TO PURCHASE US AIRCRAFT.

8. CAVAILLE ALSO DISCOUNTED LES ECHOS STORY AND HE
SAID THAT NO DECISION WHATEVER HAD YET BEEN TAKEN
RE CARAVELLE REPLACEMENT. AND IT WAS LIKELY, HE
SAID, THAT DECISION WOULD NOT BE TAKEN BEFORE
NEXT JULY AT THE EARLIEST.
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